
What Skeptical Capitol Hill Democrats, Interest Groups, & the News Media Said about President Bush's Goal of Cutting the Deficit in Half by 2009

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U.S. Rep. John Boehner (R-OH)
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Introduction

The success of Republican economic policies in growing the economy, emphasizing spending restraint, and keeping taxes low have worked in concert to help drive down the federal budget deficit. Those facts are undeniable. Today, the Office of Management & Budget (OMB) lowered its deficit forecast to \$248 billion, well below the \$423 billion estimate at the beginning of the fiscal year and less than half of that projection of \$521 billion in February 2004. The deficit forecast *includes* money budgeted for costs related to the Global War on Terror, such as Operations Iraqi Freedom and Enduring Freedom, as well as emergency funding for Katrina-related hurricane costs.

What accounts for such progress? Republican stewardship of the economy has resulted in **6.6 million new jobs since August 2003, 37 months of consecutive job creation, strong growth in workers' wages,** and a **low 4.6 percent unemployment rate.** Sustained job creation and strong economic growth, boosted by tax relief and rising worker paychecks, are flooding the coffers of the federal government with greater-than-expected tax revenues. Surging federal revenues grew by 14.5 percent last year, the highest growth rate in 24 years. Revenues will grow by more than 11 percent this year. And those rising revenues are reducing the deficit even faster than previously expected.

As a result, President Bush's objective of cutting the deficit in half by 2009 has been met three years ahead of schedule. When the President announced his goal of cutting the deficit in half by 2009 it was greeted as unrealistic and met with ridicule and scorn. The chattering classes in Washington D.C. – whether it be Capitol Hill Democrats, budget prognosticators, or the news media – said it could not be done. Simply put, they were all wrong. Not only was the goal met, but it was met ahead of schedule with three years to spare.

Republicans also realize there is more work to accomplish. The GOP is working to eventually eliminate the deficit and balance the budget by using the same fundamentals of success that have proven successful time and time again. Republicans will work to keep taxes low for American families, spurring continued job creation and economic growth while exercising fiscal responsibility with taxpayer dollars.

It is important to note, however, just how many Washington D.C. observers believed President Bush's goal of cutting the deficit in half by 2009 was pure folly. The following report chronicles the naysayers' skepticism on the subject, all which have been proven wrong by today's announcement by the President that the goal has indeed been met three years ahead of schedule.

Capitol Hill Democrats

Sen. Kent Conrad (D-ND)

"So that's not a budget. That's a political document. It's a talking point. But it fundamentally misleads people as to our fiscal condition. So you've got a chart here that doesn't reflect reality. It's not what's going to happen, and it's part of a pattern. You know, I don't even know what to say to you in terms of how seriously I believe this misleads the American people. We aren't on a course to substantially reduce deficits."

(Senate Budget Committee Hearing on the FY 2006 Budget, February 9, 2005)

"When I look at where we're headed, if we properly account for everything that's being proposed by the administration – and I must say to you, when the president says he's going to cut the deficit in half over the next five years, I don't believe it. I don't believe it because the only way he accomplishes that is he's left out huge categories of spending. But if we account for the presidents' tax cut proposals, the AMT reform and the defense costs, this is what we see happening to the debt, it's skyrocketing."

(Senate Finance Committee Hearing, February 12, 2004)

"He says, 'Well, we do have a deficit problem; I'll cut it in half.' He's not cutting it in half. It's an absolute fiction This talk about cutting the deficit in half is a sham. It's an absolute sham."

(Senator Kent Conrad and Representative John Spratt Hold a News Conference on the FY 2005 Budget, February 2, 2004)

Sen. Diane Feinstein (D-CA)

"President Bush claims to be taking our nation down the road toward cutting budget deficits in half, but an examination of his budget demonstrates that when all the costs are included the deficits will grow even larger under his spending plan, burdening our children and their children with huge tax bills to pay down the debt."

(Press release, February 7, 2005)

Rep. Steny Hoyer (D-MD), House Minority Whip

"It is time for the Administration to be straightforward with the American people about the choices they are making on their behalf - painful cuts in important and popular domestic programs in return for virtually no reduction in the deficits."

(Press Release regarding the President's FY 2005 Budget, February 5, 2004)

John Podesta, former Chief of Staff for President Clinton and current president of the Center for American Progress

"It is more likely that they will find a nuclear bomb in Baghdad than they will succeed at cutting the deficit in half by 2009."

(“Plan tries to reverse rising tide of red ink,” Chicago Tribune, February 3, 2004)

Rep. John Spratt (D-SC), ranking Democrat of the House Budget Committee

"Last year Mr. Bush promised us that he had a plan, a plan that would cut the deficit by half over the next five years. Well, last year, this year, and next year – as you can see here – the budget is clearly not on that path, nowhere near it. This budget will not put us on a path to having the deficit in five years; it will put us on a path to endless deficits and mountainous debt, which is what we have accumulated over the last four years And you see what happens in the long run. We do not get out of deficit. The deficit only gets bigger and deeper."

(News conference on the budget, February 7, 2005)

"But we have to tell you, we're deeply concerned about this deficit. We're deeply concerned about where your budget takes us. And we are very, very doubtful, very, very skeptical, that it puts us on the track towards cutting the budget in half."

(House Budget Committee Hearing, February 3, 2004)

Budget Analysts

Robert Bixby, Executive Director, The Concord Coalition

"The Concord Coalition said today that President Bush's fiscal year 2006 budget takes an appropriately hard line on spending, but its claim to result in significant deficit reduction relies on budgetary gimmicks that understate likely expenses and overstate likely revenue 'Rather than cutting the deficit in half, as the Administration proposes, its budget policies are more likely to result in persistent annual deficits of about \$400 billion,' said Concord Coalition Executive Director Robert L. Bixby."

(Press Release: "Concord Coalition Warns that President's Budget Omits the Cost of Major Initiatives," Concord Coalition, February 7, 2005)

"The good thing about this budget is it highlights the deficit and makes deficit control a goal. The bad thing is the [deficit] goals are too modest and the plan for achieving them is not credible."

("Bush's deficit-cutting plan doesn't add up, some say," Philadelphia Inquirer, February 3, 2004)

Center on Budget and Policy Priorities

"Despite cuts to scores of domestic programs, the Administration's budget increases rather than decreases the deficit over the next five years."

("What the President's Budget Shows About the Administration's Priorities," Center on Budget and Policy Priorities, February 7, 2005)

"The President's fiscal year 2005 budget claims to cut the deficit by more than half both as a share of the economy over the next five years, from 4.5 percent of GDP in 2004 to 1.6 percent in 2009, and in dollar terms, from \$521 billion in 2004 to \$237 billion in 2009. But the President's budget meets this goal only on paper."

("Does the President's 2005 Budget Really Cut the Deficit in Half?" Center on Budget and Policy Priorities, February 3, 2004)

"Both President Bush, in his State of the Union address, and other Administration officials have said they have a plan to cut the deficit in half in five years. The plan, however, is likely to be largely a public relations device. The Administration will print a budget that, on paper, has figures for the fifth year (2009) that show the deficit being cut in half. But that will be possible only because, as has been the case with previous Bush Administration budgets, it omits major, costly items that the Administration favors and intends to request in subsequent budgets. ...

"The Administration's forthcoming [FY 2005] budget is expected to have approximately \$200 billion in missing costs in the fifth year. Once these missing costs are taken into account, the deficit is seen as being in the range of \$500 billion in 2009, or around 3.5 percent of GDP. That is not close to cutting the deficit in half."

("Will the Administration Cut the Deficit in Half? And if so, How?" Center on Budget and Policy Priorities, January 21, 2004)

Stanley E. Collender, Author of an Annual Guide to the Federal Budget

"How is it possible that, with a \$300 billion to \$400 billion deficit likely every year for quite some time, continuing big increases in government borrowing on the way, and changes like oil price increases in many key areas of budget activity, no one in a position of power is talking about any of it?"

("A Conspiracy of Silence," National Journal, June 28, 2005)

"Speaking especially about the proposed freeze in most domestic programs, Stanley E. Collender, who writes an impartial annual guide to the federal budget, said, 'It is unrealistic to

expect Congress to march in lockstep and accept the president's proposals.' Mr. Collender said he expected the deficit to be "in the \$400 billion range for the rest of the decade."

("The Big Picture May Seem Rosy, But the Deficit Is in the Details," New York Times, February 8, 2005)

William Dudley, Managing Director & Chief U.S. Economist, Goldman, Sachs & Co.

"If you make all the tax cuts permanent, which is what the Bush administration has said that they want to do, you're going to be faced with very large budget deficits for a very, very long period of time, even before the baby-boom generation starts to retire in earnest So I think the deficit outlook, it actually is not going to change very much over the near term, regardless of who the president is."

(World Economic Update Sponsored by the Council on Foreign Relations, December 4, 2003)

Edward McKelvey, Senior Economist, Goldman, Sachs & Co. and William Dudley

"In our view, the administration's FY 2005 budget is overly optimistic about the path of the deficit in four ways: It includes no long-term fix to the alternative minimum tax... The budget shows no supplemental funding for Iraq and Afghanistan beyond the current fiscal year... Defense outlays are improbably low... [and] A five-year freeze on nondefense discretionary outlays is unrealistic."

("The US Budget Outlook: A Surplus of Deficits," Goldman Sachs, Global Economics Paper No. 106, March 31, 2004)

Steve Ellis, Vice President of Programs, Taxpayers for Common Sense

"Cutting the budget deficit in half over the next five years is a tall tale, derived in large part by omitting very likely or inevitable costs It's no doubt that the administration will try to place the budget deficit blame on the lawmakers on Capitol Hill."

(Written statement on the President's FY 2005 budget request, February 2, 2004)

Nigel Gault, Research Director, DRI/Global Insight

"You have to ask yourself, where can they make changes that are sufficient to afford a reduction in deficits? I don't see how you get the deficit down without raising somebody's taxes. I don't know whose taxes, but it's got to be somebody's."

("The President's Budget Proposal: The Deficit," New York Times, February 3, 2004)

Sung Won Sohn, Chief Economist, Wells Fargo Bank

"I don't believe too many people believe those numbers will work out. The risk is that deficits will get larger, not smaller."

("Much of World Skeptical of Bush's Budget," Washington Post, February 6, 2004)

News Media

Atlanta Journal Constitution

"Cutting the budget deficit in half over the next five years is a tall tale, derived in large part by omitting from the budget any mention of the costs of the occupation in Afghanistan or Iraq. In addition to at least another \$50 billion in war operations, there is the unfolding cost of the Alternative Minimum Tax Relief program."

("Free-spending budget fails to address greatest needs," Editorial, Atlanta Journal-Constitution, February 9, 2004)

Baltimore Sun

"The deficit will likely climb much higher than the estimated \$521 billion: Revenue projections are unrealistically high for the fourth year in a row, and the budget slyly leaves out additional funding for Iraq and Afghanistan until a budget-busting emergency supplemental is passed after the November elections."

("Early lines on '05 budget," Editorial, Baltimore Sun, February 5, 2004)

Burlington Times-News, North Carolina

"The administration says this budget, if approved, would set the government on course to halve the \$521 billion budget deficit in five years. But there are so many questionable assumptions built into such a projection that it's virtually meaningless."

("White House's Budget Cuts May Only Be on Paper," Editorial, Times-News (Burlington, NC), February 6, 2004)

Columbus Dispatch

"Unveiling his \$2.4 trillion budget for 2005, [the President] promises to cut the deficit in half by 2009. But even here, Bush is not being forthright. It is becoming increasingly difficult to have any confidence in the fiscal policy of this administration. At a minimum, the American people should be able to have confidence that the president and Congress are attempting to be fiscally responsible and are doing so with honest numbers."

("Totally Reckless," Editorial, Columbus Dispatch, February 8, 2004)

Hartford Courant

"Although the budget deficit is expected to grow to a record \$521 billion this fiscal year, Mr. Bush promises that the gap would be cut to about half of that by fiscal 2009. How many people seriously believe that the 2009 projection is more than a guess?"

("Why Is the War Off Budget?" Editorial, Hartford Courant, February 4, 2004)

Lansing State Journal

"If you take a look at just three areas of the president's budget - tax cuts, Medicare drug benefits and defense - you'll have some sense of why halving the deficit will be next to impossible."

("Deep in Debt," Editorial, Lansing State Journal, February 4, 2004)

Louisville Courier-Journal

"President's delusional vows to tame the exploding deficit and build a stronger economy through reckless tax cuts may appeal to those who still believe in Santa Claus and the Easter Bunny. But the administration's strategy rests on misleading budgetary numbers, wholly unrealistic calls for fiscal austerity and a narrow focus that ignores the long-range consequences of the President's tax cuts."

("A Delusional Budget," Editorial, Courier-Journal (Louisville, Kentucky), February 4, 2004)

National Journal

"Will Bush really tame the budget deficit? The acceleration in the dollar's fall suggests that investors have their doubts."

("The Elephant in the Room," National Journal, December 11, 2004)

National Public Radio

"Really his plan to cut the deficit over five years depends on a little bit of fiscal sleight of hand."

("David Wessel discusses the President's budget proposal for fiscal year 2005," National Public Radio, February 3, 2004)

New York Times

"The large tables in President Bush's new budget show he intends to keep his promise of slicing the federal deficit in half by the end of his term, but the fine print indicates that the goal may be elusive. The budget is notable for including limits on spending that are unlikely to be enacted and for excluding expenses that are sure to be incurred."

("The Big Picture May Seem Rosy, But the Deficit Is in the Details," New York Times, February 8, 2005)

Oakland Tribune

"It's hard to believe the administration expects freezes or cuts to social programs to help make a significant dent on the federal deficit -- now standing at a record \$521 billion. Much less credible, though, is the president's pledge to pare the deficit to \$268 billion by 2006, particularly in view of the herd of multi-billion dollar elephants standing in the White House."

("Bush budget boasts sabers, security, domestic cuts," Editorial, Oakland Tribune, February 7, 2004)

Philadelphia Enquirer

"The White House says the budget deficit for this year will be \$521 billion, a record. For fiscal year 2005, which begins Oct. 1, the deficit is projected to be 'only' \$364 billion. But this story line hardly matters, because this budget document is a fantasy worthy of J.R.R. Tolkien or J.K. Rowling. The actual deficits are likely to be worse, er, to not matter on an even grander scale."

("The Federal Deficit; Adrift on the Red Sea," Editorial, Philadelphia Enquirer, February 4, 2004)

UPI

"While the Budget admits the necessity of reducing the deficit in the long term, its plan to halve it in the next five fiscal years is both insufficient and rests on assumptions about administration policies and Congressional profligacy that are wholly unrealistic."

("How Would Coolidge Vote?" UPI, February 9, 2004)

Washington Post

"President Bush and congressional Republicans have vowed to cut the deficit in half over the next four years, but new data indicate that little progress has been made."

("Congress's Willingness To Tackle Deficit in Doubt," Washington Post, April 16, 2005)

"Additional war spending this year will push the federal deficit to a record \$427 billion for fiscal 2005, effectively thwarting President Bush's pledge to begin stanching the flow of government red ink, according to new administration budget forecasts unveiled yesterday Bush has pledged to cut the budget deficit in half by 2009, a promise the administration says it can keep. But at least for now, the government's fiscal health is worsening."

("Record '05 Deficit Forecast," Washington Post, January 26, 2005)

"Under Bush's plan for spending and taxes, the deficit would be \$258 billion in 2009. If anything, that may understate the size of the deficit in coming years because it does not include any additional costs for the wars in Iraq and Afghanistan"

("Analysts Call Outlook for Bush Plan Bleak," Washington Post, November 5, 2004)

"The president's new budget, with its \$521 billion deficit, is an astonishing example of how, for these guys, everything is political. It is a budget designed to mislead, deny, deflect and hide. It misleadingly claims that the government is on a path to cut the deficit in half in five years."
("Two America, One Deficit," E.J. Dionne, Jr. Column, Washington Post, February 6, 2004)

"The administration mildly terms the \$521 billion deficit forecast this year 'a legitimate subject of concern,' but asserts that it has the problem well in hand: The deficit, it assures the country, will be cut in half by 2009. This isn't credible -- and even if it were, it wouldn't be an adequate answer to a problem far more serious than this administration acknowledges."
("Bogus Budgeting," Editorial, Washington Post, February 3, 2004)